

Message Text

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ACTION EUR-12

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SUBJECT: TURKISH ELIGIBILITY FOR GSP

REF: (A) STATE 144209; (B) ANKARA 4834

1. VURAL, FOREIGN MINISTRY OFFICIAL IN CHARGE OF GATT MATTERS, HAS ON INTERIM BASIS GIVEN ECONOMIC COUNSELOR TWO DOCUMENTS TO SUPPORT GOT POSITION THAT TURKEY'S PREFERENTIAL ARRANGEMENTS WITH EC HAVE NOT RPT NOT SIGNIFICANTLY HARMED U.S. TRADE WITH TURKEY. VURAL SAID THAT ADDITIONAL SUPPORT-ING INFORMATION AND ANALYSIS ARE BEING PREPARED RAPIDLY, AND WILL BE GIVEN TO THIS EMB AS SOON AS POSSIBLE. HOWEVER, HE BELIEVED IT WOULD BE USEFUL FOR WASHINGTON AGENCIES TO HAVE READILY AVAILABLE INFORMATION AT ONCE.

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2. FIRST DOCUMENT (IN ENGLISH) ENTITLED "THE POSITION OF TURKEY

WITH RESPECT TO U.S. SYSTEM OF GENERALIZED PREFERENCES"
DISCUSSES EVOLUTION OF TURKEY'S TRADE WITH U.S. AND WITH
EC SINCE 1963 AND CONCLUDES THAT TURKEY'S RELATIONS WITH EC
HAVE NOT ADVERSELY AFFECTED U.S. TRADE. AMONG THE MORE
SIGNIFICANT POINTS MADE IN THIS STUDY ARE:

A. ON PAGE 5 MENTION IS MADE OF RAPID PROGRESS IN RECENT
YEARS IN LIBERALIZATION OF TURKEY'S IMPORTS; I.E., QUOTE IN
FACT, WHILE THE IMPORTS REALIZED THROUGH LIBERATION LISTS CONSTITUTED
38.71 PERCENT OF TOTAL IMPORTS IN 1970, THIS PERCENTAGE HAS
INCREASED TO 66.82 PERCENT IN 1974. THIS TREND IS EXPECTED TO
CONTINUE IN A FASTER RATE DURING THE FORTHCOMING YEARS. END
QUOTE.

B. ANY ADVERSE EFFECT ON TRADE BECAUSE OF TURKEY'S RELATIONS
WITH EC WOULD ONLY BEGIN TO BE FELT AFTER 1972 BECAUSE THE
GRADUAL REDUCTION OF TURKEY'S CUSTOMS TARIFFS IN ACCORDANCE WITH
THE ADDITIONAL PROTOCOL WOULD ONLY BEGIN TO BE APPLIED IN THAT
YEAR (PAGE 8).

C. IN 1970, 21.7 PERCENT OF TOTAL TURKISH IMPORTS FROM
THE U.S. WERE DUTY FREE. IN 1973 THE DUTY FREE PORTION HAD
INCREASED TO 49.1 PERCENT (PAGE 12).

D. ON PAGE 14 AMONG CONCLUSIONS STATED BY GOT IS QUOTE
AT A MOMENT WHEN HALF OF THE TOTAL U.S. EXPORTS TO TURKEY
ENJOY DUTY FREE TREATMENT AND THE REST IS SUBJECTED TO LOW TARIFF
RATES, NO SIGNIFICANT ADVERSE EFFECT OF TURKEY'S RELATIONS WITH
THE EEC COULD HAVE HAPPENED. FURTHERMORE, DESPITE A REDUC-
TION ON CUSTOM TARIFF RATES BY FIVE AND TEN PERCENT MADE BY
TURKEY THROUGH THE ENTRY INTO FORCE OF THE ADDITIONAL PROTOCOL,
U.S. EXPORTS TO TURKEY IN 1974 HAVE SHOWN A SLIGHT INCREASEG
END QUOTE.

(EMBASSY COMMENT: THIS STUDY IS RATHER GENERAL IN ITS APPROACH
AND NEEDS TO BE SUPPORTED BY GREATER DETAIL WHICH, AS MENTIONED,
BELOW, WE HOPE TO OBTAIN SOON.)

3. SECOND DOCUMENT (IN TURKISH LANGUAGE) IS STUDY PREPARED IN
1974 BY PRIVATE GROUP IKTISADI KALKINMA VAKFI (ECONOMIC
DEVELOPMENT FOUNDATION) DESCRIBING REDUCTIONS THAT HAVE BEEN
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MADE BY GOT SINCE 1970 IN TARIFF RATES APPLICABLE TO ROUGHLY 350
TARIFF ITEMS COMPRISING CAPITAL GOODS AND INDUSTRIAL RAW MATERIALS
AND
EQUIPMENT. THE REDUCTIONS WERE MADE IN ACCORDANCE WITH LAW 474
TO ENCOURAGE ECONOMIC DEVELOPMENT BY REDUCING THE FINAL COST OF
SUCH ITEMS IN TURKEY. OF PRINCIPAL INTEREST ARE THE 25 PAGES OF
TABLES SHOWING (A) TARIFF NUMBER; (B) DESCRIPTION; (C) FORMER
TARIFF RATE (ESKI GUMRUK RESMI); (D) REDUCED TARIFF RATE (INDIRIMLI

GUMRUK RESMI); AS WILL BE SEEN MOST OF THE RATES IN THE LATTER CATEGORY ARE "FREE" (MUAF), (ZERO) (SIFER), OR A NOMINAL RATE; I.E., ONE PERCENT.

MFA OFFICIALS HAVE POINTED OUT PREVIOUSLY THAT MOST IMPORTS FROM U.S. IN RECENT YEARS COME WITHIN ABOVE CATEGORIES AND THAT TARIFF REDUCTIONS VIS-A-VIS EC ARE APPLIED TO NOMINAL RATES; I.E., IN COLUMN (C) WHEREAS EFFECTIVE RATES APPLICABLE TO U.S. AS WELL AS EC ARE THE REDUCED RATES SHOWN IN COLUMN (D). (EMBASSY COMMENT: THE TABLES--PREPARED IN 1974-- INDICATE THAT SOME OF THE REDUCTIONS EXPIRE IN 1974. HOWEVER, THESE HAVE IN FACT BEEN EXTENDED THROUGH JUNE 30, 1975, BY DECREE NO. 7/9374, AND A DECREE EXTENDING THESE REDUCTIONS FOR A FURTHER PERIOD IS EXPECTED TO BE ISSUED IN THE NEXT FEW DAYS.)

4. ECONOMIC COUNSELOR THANKED VURAL FOR ABOVE DOCUMENTS AND ASKED IF GOT COULD PROVIDE MORE SPECIFIC DETAILS AND ANALYSIS TO SUPPORT GENERAL ASSERTIONS THAT U.S. EXPORTS HAVE NOT BEEN ADVERSELY AFFECTED, ETC. VURAL REPEATED THAT THE TWO DOCUMENTS HAD BEEN FURNISHED ONLY AS INTERIM MEASURE AND THAT GOT IS WORKING ON MORE DETAILED ANALYSIS OF COMMODITIES IMPORTED BY TURKEY FROM U.S. THIS WOULD BE GIVEN TO EMBASSY AS SOON AS POSSIBLE.

5. EMBASSY IS AIR MAILING FOUR COPIES OF ENGLISH LANGUAGE MFA STUDY AND ONE COPY OF TURKISH LANGUAGE STUDY TO HIRSHORN, EUR/SE. MFA IS MAKING EFFORT TO OBTAIN FOR US ADDITIONAL COPIES OF LATTER STUDY.

6. EMBASSY AND CONSULATE GENERAL ISTANBUL HAVE NOT HAD ANY SPECIFIC INDICATIONS OR COMPLAINTS FROM BUSINESSMEN THAT GOT TARIFF REDUCTIONS VIS-A-VIS EC HAVE IN FACT ADVERSELY AFFECTED LIMITED OFFICIAL USE

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U.S. EXPORTS. TO MAKE ANY MORE DEFINITE STATEMENT ON THIS WOULD REQUIRE ITEM-BY-ITEM EXAMINATION OF GOT CUSTOMS TARIFF RATES APPLICABLE TO IMPORTS FROM EC AND FROM U.S. RESPECTIVELY. HOWEVER, AN UP-TO-DATE GOT TARIFF SCHEDULE SHOWING CURRENT RATES (INCLUDING RECENT CHANGES) IS NOT RPT NOT AVAILABLE. WE UNDERSTAND THAT ANALYSIS OF U.S. TRADE BEING PREPARED BY GOT

(MENTIONED IN PARAGRAPH FOUR ABOVE) WILL COVER ADEQUATELY ALL SIGNIFICANT ITEMS.

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